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SUBJECT: BASESCU OUTLINES ROMANIA'S BLACK SEA ENERGY

STRATEGY FOR SE MORNINGSTAR

Classified By: DCM Jeri Guthrie-Corn for reasons 1.4 (B) and (D).

¶1. (C) Summary: President Traian Basescu told visiting U.S. Special Envoy for Eurasian Energy Richard Morningstar on September 30 that Romania remains solidly behind the southern corridor strategy for diversifying sources and routes of energy supply to Europe, and is actively pursuing stronger bilateral ties with Caspian states in order to further national, and European, energy security goals. Describing a working visit to Bucharest two days before by President Aliyev of Azerbaijan, Basescu said the Azeris are intent on finding alternate routes for their natural gas that don't rely on Russia, but that both Romania and Azerbaijan are frustrated over continued difficulties negotiating with Turkey and are exploring options for moving energy directly across the Black Sea, bypassing both Turkey and Russia. SE Morningstar suggested that Romania work on building a like-minded coalition of central and eastern European states to more effectively influence policy within the EU and to make common approaches to key Caspian players like Azerbaijan. Morningstar, in Bucharest to address the Black Sea Energy Forum organized by the Atlantic Council, was accompanied by the Ambassador, the DCM, and EconCouns (notetaker). End summary.

¶2. (C) President Basescu emphasized to SE Morningstar that Romania remains a committed partner of the United States in supporting the southern corridor approach to bring new energy supplies to Europe, and is working bilaterally with key Caspian states to bring them along. Basescu noted proudly that Romania and Azerbaijan had signed a "strategic partnership" agreement two days earlier, during President Aliyev's most recent trip to Bucharest. (Note: In the last couple of years, Aliyev has visited Bucharest at least twice and Basescu has reciprocated in Baku; they appear to have developed a very warm and cooperative relationship. End note.) Basescu noted that the agreement included a joint statement of support for the Nabucco pipeline project, and said Aliyev is now more comfortable with making public commitments referencing Nabucco. Basescu believes Aliyev's signing of the agreement with Romania is intended to send a signal to other European states that Azerbaijan is "serious" about wanting Nabucco to succeed.

¶3. (C) That having been said, Basescu described the Azeris as increasingly frustrated with Turkey over lack of progress on a gas transit agreement, and said Aliyev badly wants alternatives for export of Azeri gas that do not involve either Turkey or Russia. Basescu and Aliyev agreed to pursue the concept for an "energy bridge" across the Black Sea, starting with discussions with Georgia regarding a possible gas liquefaction plant at the Georgian port of Supsa, from which liquefied natural gas (LNG) could be shipped directly across the Black Sea to a re-gasification terminal Romania

hopes to see built in Constanta. This route would enable Caspian producers to send gas directly into the EU without having to route it through Turkey, Russia, "or anyone else" (a possible reference to Ukraine and White Stream). Use of Supsa could also be expanded to ship oil from Kazakhstan to Romania. Basescu said he had similar discussions with President Berdimuhamedov during his visit to Turkmenistan two months ago, and that the Turkmen also want an energy export alternative to Europe that "cuts out the middlemen." SE Morningstar noted that the U.S. is telling Azerbaijan and Turkmenistan to resolve their differences over the Caspian and cooperate on energy development. Basescu explained that he has made similar arguments, urging both countries to ask the International Court of Justice (ICJ) to delineate their Caspian offshore border in the same fashion that the ICJ recently ruled on a Black Sea dispute between Romania and Ukraine. Turkmenistan is amenable to the ICJ approach but Azerbaijan so far is not, Basescu said.

¶4. (C) Welcoming Romania's outreach to Azerbaijan, SE Morningstar said that the Azeris always ask of high-level U.S. energy visitors to Baku, "where is the EU?" The U.S. believes a more concerted EU approach to Azerbaijan and other Caspian states is needed. Morningstar suggested that Romania could play an important leadership role in pulling together a coalition within the EU of six or eight like-minded Central and East European states, both to push a common strategy within the EU and to engage in joint outreach to key players like Azerbaijan. Basescu was non-committal but agreed such a coalition would be useful.

BUCHAREST 00000671 002 OF 002

¶5. (C) Turning to Turkey, Basescu expressed mounting frustration over Turkish tactics, beginning with their intransigence over the possibility of bringing LNG into the Black Sea by tanker through the Bosphorus. Turkey's position is simply "too tough" and their claim that LNG transit poses too much of a safety risk is unacceptable, Basescu insisted, noting his own prior experience as a ship captain piloting large commercial vessels through the strait. SE Morningstar recalled that the U.S. had supported Turkey in routing the Baku-Tbilisi-Ceyhan oil pipeline to the port of Ceyhan on the Mediterranean in part to avoid additional tanker traffic through the Black Sea and Bosphorus, and the U.S. cannot really go back to the Turks now and take the opposite stance on LNG. Basescu also expressed concern about Turkish temptations to use Nabucco as bargaining leverage in EU accession talks; Romania supports Turkish accession but has warned Turkish leaders against trying to play the "energy card." The U.S. has also told Turkey to keep energy and EU issues separate, SE Morningstar noted. Morningstar observed that Turkey and Azerbaijan are not really so far apart on gas transit issues, and urged Romania and other EU states to pressure the two countries to come to agreement so Nabucco can move forward. Turkey's recent rapprochement with Armenia is an additional obstacle that has rankled Azerbaijan, said Basescu, but he agreed to speak again with President Aliyev about this problem.

¶6. (C) Comment: Romania clearly wants the EU to take a more pro-active stance toward energy diplomacy in the Black Sea region, and wants to position itself as a key player in that dialogue. Of particular interest are alternative scenarios for importing energy directly into the EU via Romania across the Black Sea and bypassing the Russians and Turks completely. While these proposals face daunting technical, financial, and political hurdles, Basescu believes he has struck a chord with Azerbaijan and Turkmenistan and is eager to partner with the United States in building ties, and trust, with the Caspian states. While Basescu was non-committal on the idea of seeking to build a coalition with other East European members in the EU, National Security Adviser Iulian Fota was very receptive in a brief discussion before the Basescu meeting and told SE Morningstar and the Ambassador that he would pursue this concept further. End

comment.

¶7. (U) SE Morningstar did not have the opportunity to clear
this cable.

GITENSTEIN